

## **DEFENSE PRISONER OF WAR/MISSING PERSONNEL OFFICE**

### **DESCRIPTIONS OF THE CONCEPT OF REASONABLE ASSURANCE AND HOW THE EVALUATION WAS CONDUCTED**

#### **(Tab A)**

The system of internal accounting and administrative control of the Defense Prisoner of War/Missing Personnel Office (DPMO), in effect during the fiscal year ending September 30, 2002, was evaluated in accordance with the guidance provided by Office of Management and Budget Circular No. A-123 (Revised), "Management Accountability and Control," June 21, 1995, as implemented by DoD Directive 5010.38, "Management Control Program," August 26, 1996 and DoD Instruction 5010.40, "Management Control Program Procedures," August 28, 1996. The OMB guidelines were issued in consultation with standards prescribed by the Comptroller General of the United States, as required by the "Federal Managers' Financial Integrity Act of 1982." Included is an evaluation of whether the system of internal accounting and administrative control of the DPMO is in compliance with standards prescribed by the Comptroller General.

The objectives of the system of internal accounting and administrative control of the DPMO are to provide reasonable assurance that:

- The obligations and costs are in compliance with applicable law;
- Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
- Revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets.

The evaluation of management controls extends to every responsibility and activity undertaken by DPMO and is applicable to financial, administrative and operational controls. Furthermore, the concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived therefrom, and that the benefits consist of reductions in the risks of failing to achieve the stated objectives. The expected benefits and related costs of control procedures should be addressed using estimates and managerial judgment. Moreover, errors or irregularities may occur and not be detected because of inherent limitations in any system of internal accounting and administrative control, including those limitations resulting from resource constraints, congressional restrictions, and other factors. Finally, projection of any evaluation of the system to future periods is subject to risk that procedures may be inadequate because of changes in conditions, or that the degree of compliance with procedures may deteriorate. Therefore, statements of reasonable assurance are provided within the limits of the proceeding description.

The evaluation was performed in accordance with the guidelines identified above. The results indicate that the system of internal accounting and administrative control of

the DPMO in effect during the fiscal year that ended September 30, 2002, taken as a whole, complies with the requirement to provide reasonable assurance that the above-mentioned objectives were achieved. This reasonable assurance is within the limits described in the preceding paragraph.

Following are significant items for discussion:

### **Determination of Reasonable Assurance Status**

The basis for the determination of the reasonable assurance status is the quality of the overall program being developed at the DPMO. We anticipate that minor program corrections will most frequently be made prior to indication of material weaknesses.

The following narrative describes the areas reviewed during the evaluation:

#### **1. Progress Made In Institutionalizing The Internal Management Control Program.**

An assessment schedule of current assessable units was established in FY 95 and is contained in the DPMO IMC Administrative Instruction (AI) Number 9. The objective for FY 02 was to do an assessment of the DPMO Document and Property Management program areas. The following topics are addressed:

- a. Component Document Management
- b. Component Property Management

The survey showed that the established programs support the mission and goals. The DPMO continues to work at improving these systems so that they are completely imbedded in the organizational fabric.

As a result of these combined efforts, DPMO has made improvements as described below:

#### **2. Improvements to Program Coverage.**

- **Document Management (DM) Improvements.**
  - To enhance DM mission performance and comply with the provisions of the electronic FOIA statute, DPMO implemented a contractor-developed electronic declassification and Freedom of Information Act (FOIA) redaction system. The software was placed on DM computers and underwent an extensive test and evaluation process. After testing, DM began official use of the new software. DPMO has seen an increase in productivity with savings in time and materials using the new system. An updated version of the electronic redaction system was recently installed on DM computers. The system also provides other benefits. For example, the new system permits DM to transmit processed documents to other agencies electronically. The initial test transmitted 1,380 pages of declassified/redacted documents to the Library of Congress (LoC) where over 950,000 pages of POW/MIA material reside in the Vietnam POW/MIA Database for public access. This year over 6,000 pages of electronically transmitted, processed documents have been added to the LoC collection. Furthermore, over 175,400 accessions in the last year to the LoC POW/MIA Database reflect the steadily growing public interest in the

collection. Efforts continue with the contractor to refine the system's performance and utility. In fact, other agencies within the executive branch of government have adopted the same system with minor differences.

- DM expanded its electronic file conversion efforts with the acquisition of the Vredenburg / Highland V:EFOIA software and the development and implementation of DPMO's RetrievalWare. During the past year, over 21,000 pages have been scanned electronically. This includes the updating of 800 case files; the indexing of 51 case files; the electronic scanning of 47 case files; and the placing on RetrievalWare of 85 case files. The DM Division completed 633 "tasker requests" requiring electronic scanning in support of various DPMO directorates. Four "special projects" were completed for the Research and Analysis Directorate, the Declassification / FOIA Division, and the Information Services Directorate. One of the electronic benefits of RD's scanning efforts is Optical Character Reading (OCR) of document text. This permits DPMO users to search the database text files to find information on a particular subject. It is vital for successful searches on RetrievalWare, the research software package available to all DPMO users.
  - DM contractors have begun converting all of the LoC's existing Southeast Asia collection from microfilm to electronic image. Public users on the Internet will be able to access the documents in the collection directly on their home computers. The present process requires requestors to order the microfilm reels from the LoC to their local library for viewing. Upon implementation, this new service will represent a quantum improvement in convenience to public users of this collection. Two hundred ten microfilm reels of the 488 in the collection have been converted into electronic image and transferred to the LoC. The LoC, in turn, is linking the images to the collection's index. The linking and testing processes are proceeding smoothly and quickly. The image quality is excellent. The remaining reels are being converted at a brisk pace. Allowing for completion time at DPMO and linking and testing at the LoC, this service should be available to the public by the end of calendar year 2002. Until then, microfilm will continue to be the public's primary viewing medium. Once DPMO completes electronic scanning of existing microfilm reels and the LoC reviews and "links" document electronic images with their index, the project will be ready to go on line for public access.
- **Property Management Program Improvements.**
    - Approximately 2 years ago, the Defense Prisoner of War/Missing Personnel Office (DPMO) began to streamline its property management process. At the time, Washington Headquarters Services managed the accountable and durable property inventory. DPMO was required to report Information System assets to the Director for Information Operations & Report while simultaneously reporting non-information system, accountable and durable property to its Property Management Branch. This dual reporting system was inefficient. DPMO received authorization to manage the inventory in-house.

- Improvement: DPMO contracted the services of the Defense MegaCenter (DMC) Dayton to develop improvements to the property accounting process while also complying with DoD policy and the Chief Financial Officer's Financial Management Plan. DMC installed a database, the Defense Property Accountability System (DPAS), and provide training and support services. A temporary manpower shortage affected our ability to manage this program. To resolve this issue, responsibility for management of the DPAS system was temporarily transferred to contracted personnel within the agency. The duties of this position have since been transferred to newly assigned military personnel.
3. **Problems Encountered in Implementing the Program.** None
  4. **Other Program Considerations.** None
  5. **Deviations from OMB Guidelines.** None.
  6. **Special Concerns.** None
  7. **Methods, Mechanisms, or Techniques Employed in the Program.**
    - a. **MC Weakness Tracking System.** N/A
    - b. **Component IG or Audit Findings.** None.
    - c. **Component Inspections.** None.
    - d. **DoDIG Reports and Reviews.** None.
    - e. **MC Training.** The DPMO FY 03 goal is to include refresher training for all Director-level managers.
    - f. **MC Performance Standards.** Comments on performance results of management control functions are included in civilian and military managers' FY 02 performance standards and evaluations and have been included in FY 03 standards and evaluations.
    - g. **GAO Reports and Reviews.** None.
    - h. **OSD Functional Proponent Proposals.** None.
    - i. **Information Technology Initiatives.** None.
    - j. **MC References in Directives, Regulations, and Other Guidance.** The DPMO continues to follow its Administrative Instruction pertaining to Internal Management Controls that was implemented in FY 95. The AI is specific and inclusive describing the MC program, identifying positions with significant MC responsibility, their specific responsibilities, identifying and scheduling assessable units, and formalizing policy for the mechanical aspects of the program.
    - k. **Congressional Reviews and Hearings.** None
    - l. **Command or Other Subordinate "Letters of Assurance".** Not Applicable.
    - m. **Productivity Statistics.** None.

- n. **Defense Regional Interservice Support Studies.** None.
- o. **Management Reviews in other Functional Area.** None.
- p. **Quality Assurance Reviews.** None.
- q. **“Hot Line” Reports.** None.